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OGC HAS REVIEWED.

27 February 1953

MEMORANDUM FOR: Acting Deputy Director (Administration)

SUBJECT: Your request for comment on AD/P memorandum
of 20 February 1953 re MPD revolving fund


1. Your first inquiry related to the possibility of paragraph 2 as being too broad in scope. We believe it is not. It is true that the word "usually" allows some latitude of discretion in the administering officer but as a practical matter this is believed desirable. The history of the administration of the fund shows that on occasion an enlisted man on first being assigned to the Agency may have a small temporary financial problem not directly due to his being assigned here. The enlisted man unlike the civilian does not have the Credit Union available to him. If we do refuse the loan on the ground that the need for same did not arise as a consequence of assignment to the Agency, the enlisted man has the alternative of going to a commercial lending concern, the attendant disadvantages of which are obvious, or of seeking aid from his service emergency relief fund. The latter course is undesirable since we dislike the thought of an enlisted man who is assigned to this Agency having to resort to his parent service for such assistance. We have been advised that many of the instances wherein loans are needed not as a consequence of assignment to the Agency are actually caused by the parent service itself.

2. Your second inquiry related to paragraph 2.c. and the advisability of a limitation on the amount one man may borrow. Paragraph 2.c. as now worded makes the amount a matter of discretion with the custodian of the fund. We believe a limitation is desirable. We have been informed that the records will show that 95 to 100% of the loans made to date have been under \$50, although, of course, on occasion a greater amount has been approved where it has been felt justified. We believe that a limitation of \$100 on a single loan provides enough flexibility to be practical without being excessive and we recommend this limitation. Informal concurrence in this amount has been made by the custodian of the fund.

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3. We have no comment or suggestion as to the remainder of the referenced memorandum which appears to be quite comprehensive.


Acting General Counsel

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OGC/JSW/OEP:apf

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